

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

COME-00 AID-05 TRSE-00 OPIC-03 XMB-02 NSF-01 CU-02

OES-06 SP-02 L-03 CIAE-00 INR-07 NSAE-00 AGR-05 PC-01

ABF-01 OMB-01 FS-01 EB-07 SS-15 NSC-05 IO-13 STR-04

PRS-01 /096 W

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FM AMEMBASSY TUNIS

TO SECSTATE WASHDC IMMEDIATE 4011

LIMITED OFFICIAL USE SECTION 1 OF 2 TUNIS 6088

E.O. 11652: N/A

TAGS: USTSJC, BEXP, EINV, EAID, TS

SUBJECT:US-TUNISIAN JOINT COMMISSION:PREPARATIONS

REF: STATE 208312

1. REFTEL APPRECIATED AS TIMELY AND USEFUL POINT OF DEPARTURE FOR OUR COLLABORATIVE EFFORTS IN PREPARING FOR A JOINT COMMISSION WHICH, GIVENTHE CURRENT WARM, CLOSE US/TUNISIAN RELATIONS, SHOULD SERVE AS IDEAL OCCASION TO HIGHLIGHT NUMERIOUS POSITIVE ASPECTS OF OUR RELATIONSHIP AS WELL AS BE A FORUM TO IRON OUT CERTAIN WRINKLES. 23 SHOULD, AS REFTEL URGES, AVOID REPETITION OF GENERALITIES AND PROGRAMS WHICH USEFULLY CHARACTERIZED 1975 INAUGURAL JC MEETINGS. CERTAIN SPECIFIC INTITIATIVES WRE TAKEN DURING THOSE MEETINGS WHICH MUST BE ADDRESSED.THE THEME OF THIS 1976 SESSION SHOULD, HOWEVER, BE THE TUNISIAN 5-YEAR DEVELOPMENT PLAN BEGINNING JANUARY 1, 1977. THIS PLAN IS SEEN BY THE HIGHEST GOT OFFICIALS AS A CRUCIAL DOCUMENT IN THE HISTORY OF THE COUNTRY AND ONE WHICH IS EXPECOED TO TRACE THE PATH TOWARD ECONOMIC SELF-SUFFICIENCY AND

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ELIMINATION OF NEED FOR EXTERNAL CONCESSIONAL ASSISTANCE. WE

SHOULD GIVE FULL LATITUDE TO GOT DESIRES TO EXPOSE THE PLAN AND MUST BE PREPARED TO OUTLINE A CONSTRUCTIVE US ROLE, BOTH GOVERNMENTAL AND PRIVATE, OVER THE 5-YEAR PERIOD IN HELPING TO MEET THE NEEDS OF THE PLAN. FOLLOWING THE SENATE RESOLUTION (ON BOURGUIBA'S BIRTHDAY) AND NUMEROUS SIGNS OF STRONG US SUPPORT DURING THE PAST YEAR, GOT EXPECTATIONS ARE UNUSUALLY HIGH, BOLSTERED BY THE AWESOME FINANCING NEEDED FOR THE 9-YEAR PLAN, AND THEY ARE LOOKING TO US FOR ASSISTANCE IN PROMOTING INVESTMENT IN TUNISIA AS WELL AS MEANINGFUL ECONOMIC ASSISTANCE LEVELS UNTIL 1981.

2. OBJECTIVES (IN ADDITION TO PARA 2 REFTTEL):

A) TO PROVIDE A FORUM IN WHICH THE TUNISIAN FIFTH PLAN CAN BE PRESENTED TO USG AND, INDIRECTLY, TO US PRIVATE SECTOR;

B) TO DETERMINE AREAS OF OPPORTUNITY FOR US EXPORTS TO TUNISIA, INVESTMENT IN TUNISIA AND TUNISIAN EXPORTS TO US CONSISTENT WITH THE 5TH PLAN OBJECTIVE;

C) TO DETERMINE PROGRAMS UNDER THE 5TH PLAN WHICH ARE SUSCEPTIBLE TO US AID FINANCING AND TECHNICAL ASSISTANCE.

3. ORGANIZATION OF MEETINGS:

A) OPENING PLENARY. SHOULD FEATURE THE SECYETARY AND FONIMN CHATTY WHO WOULD SET THE TONE FOR THE ENSUING SPECIFIC AND MORE TECHNICAL DISCUSSIONS. THESE OPENING REMARKS WOULD ADDRESS OVERALL US-TUNISIAN RELATIONS, AND PROVIDE A BACKDRIP, A FRAMEWORK, IN RELATION TO WHICH THE TECHNICAL DISCUSSIONS MUST BE HARMONIOUS AND NOT CLASHING.

B) PRESENTATION OF 5TH PLAN BY GOT TO FULL PLENARY (EITHER AFTER RECESS IN AM OR IN PM AS TIME PERMITS). THIS PRESENTATION SHOULD BE FULL EXPOSE OF PLAN AND NOT DWELL ON ECONOMIC ASSISTANCE QUESTION MORE LIMITED OFFICIAL USE

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APPROPRIATELY DISCUSSED IN ECON DIV SUBCOMMISSION. ASSUME U/SEC ROGERS WOULD CHAIR THIS SEGMENT OF AGENDA FOR US SIDE.

C) SUBCOMMISSION MEETINGS AFTERNOON FIRST DAY, IF TIME REMAINING, AND ALL SECOND DAY.

D) CLOSING PLENARY SESSION ON THIRD DAY, ATTENDED

BY SECRETARY AND CHATTY IF POSSIBLE.

4. SUBCOMMISSION ON TRADE AND INVESTMENT:

A) BELIEVE MAXIMUM EFFORT SHOULD BE MADE TO GLEAN OPPORTUNITIES FOR US TRADE FROM 5TH PLAN AND AT SAME TIME TO EXPOSE US EFFORTS IN COMMERCIAL/INVESTMENT FIELD WHICH ASSIST TUNISIA'S DEVELOPMENT PROGRAM. OPIC PROGRAM TO PROMOTE PRIVATE INVESTMENT IN TUNISIA IN CONJUNCTION WITH API AND UN EXPERT HOEVELER PROVIDES STRONG FOCAL POINT FOR USG ROLE IN HELPING GOT MEET ITS INVESTMENT GOALS. RELATED ACTIVITIES BY REGIONAL OFFICES OF US BANKS CAN ALSO BE CITED. U.S. BUSINESS COUNCIL INVESTMENT PROGRAM, NOW RECEIVING STRONG GOT SUPPORT, ANOTHER POSITIVE FEATURE.

B) PROPOSED AGENDA. BELIEVE AGENDA SUBMITTED REFTEL TOO DIVERSE AND COMPLEX, SUGGEST SEVERAL ITEMS DO NOT NEED TO BE TREATED AS SEPARATE ISSUES ON AGENDA AND CAN BE COVERED IN REPORTS OF WORKING GROUPS. SURPLUS DINARS, IF DISCUSSED DURING JD, BELONG TO ECON DEV SUBCOMMISSION AS AGREED IN LENGTHY NEGOTIATIONS LAST YEAR. RELUCTANTLY SUGGEST THAT TAX TREATY BE DROPPED UNLESS GOT WISHES TO REVIVE. OUR PROPOSED REVISIT AND REORGANIZED AGENDA FOLLOWS.

5. AGENDA:

A. OPENING REMARKS AND REPORTS OF WORKING GROUPS (U.S. AND GOT)

B. PRESENTATION OF TRADE AND INVESTMENT IMPLICATIONS OF LIMITED OFFICIAL USE

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FIVE-YEAR PLAN (GOT)

C. INVESTMENT

1. ATTITUDE OF U.S. INVESTORS TO TUNISIAN INVESTMENT CLIMATE

2. API/OPIC COOPERATION IN ATTRACTING NEW U.S. INVESTMENT TO TUNISIA

A. OPIC PROMOTION PROGRAMS (U.S.)

B. API/UNDP PROGRAMS AND ACTIVITIES (GOT)

3. TUNISIAN INVESTMENT LAWS AND REGULATIONS

A. OFFSHORE BANKING LAW (GOT)

B. REGULATION OF REGIONAL OFFICES (GOT)

D. TRADE

1. U.S. GENERALIZED SYSTEM OF PREFERENCES AND APPLICATION
TO TUNISI(U.S.)

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ACTION NEA-10

INFO OCT-01 ISO-00 NEAE-00 SSO-00 NSCE-00 USIE-00 INRE-00

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2. TUNISIAN EXPORT PROMOTION PROGRAMS

A. WORLD TRADE INSTITUTE CONTRACT (GOT)

B. U.S. EXPORT ADVISER (U.S.)

C. TARGET PRODUCTS AND MARKETS (GOT)

E. U.S. EXPORT PROMOTION PROGRMS (U.S)

A. THE TUNISIAN MARKET - U.S. BUSINESS PERSPECTIVE

B. BUSINESS VISITOR PROGRAM

C. TRADE PROMOTIONS FOR FY 77

D. MAJOR ENGINEERING AND CONSTRUCTION PROJECTS

E. EXIMBANK

4. TUNISIAN TRADE LAWS AND REGULATIONS (GOT)

A. DEADLINE ON INTERNATIONAL TENDERS

B. EXCHANGE RATE ON INTERNATIONAL TENDERS - REPORT

C. PROSPECTS FOR SIMPLIFYING IMPORT DOCUMENTATION
AND PROCEDURES

E. AGRIBUSINESS INVESTMENT POLICY AND OPPORTUNITIES (U.S.)
SEE PARA 7.

6. SUBCOMMISSION ON ECONOMIC DEVELOPMENT: REVIEW OF AID
PROGRAM IN TUNISIA AND PROSPECTS FOR J.C. ARE SUBJECT
SEPTTEL FROM AMBASSADOR. PROPOSED AGENDA GENERALLY ACCEPTABLE
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WITH ADDITION OF AGENDA ITEM FOR GOT PRESENTATION OF ECONOMIC
ASSISTANCE AND FINANCING OBJECTIVES DURING 5TH PLAN. INCLUSION
OF ITEM HERE WILL HEPEFULLY PREVENT ENTIRE PLENARY PRESENTATION
BEING DEVOTED TO THIS SUBJECT. SFCP, GIVEN TENUOUS CONDITION
OF PROGAM'S FUTURE, SHOULD BE OMITTED UNLESS GOT REQUESTS ITS
INCLUSION. REVISED AGENDA PROPOSAL AS FOLLOWS:

A. OPENING REMARKS AND REPORTS FROM WORKING GROUPS
B. PRESENTATION OF ECONOMIC ASSISTANCE OBJECTIVES FOR
5TH PLAN (GOT)

C. SPEDIFIC PROGRAMS
1. SCIENCE AND TECHNOLOBY
2. RURAL DEVELOPMENT
3. RUYAL HEALTH
4. FAMILY PLANNING
5. NUTRITION PLANNING

D. HOUSING INVESTMENT GUARANTEE PROGRAM
E. PEACE CORPS
F. AGRIBUSINESS (SEE PARA 6)

7. AGRIBUSINESS: FOLLOWING RECENT VISIT BY AGRIBUSINESS
COUNCIL (ABC) TEAM, ATTITUDE TOWARD FOREIGN PRIVATE
INVOLVEMENT IN TUNISIAN AG SECTOR HAS UNDERGONE NOTICEABLE
CHANGE IN POSITIVE DIRECTION. TUNISIAN GOVERNMENT SEEMS
TO HAVE REALIZED POTENTIAL FOR U.S. PUBLIC AND PRIVATE ROLE
IN MEETING THEIR GOAL OF SUBSTANTIALLY INCREASED AGRIC-
ULTURAL PRODUCTIVITY THROUGH "TECHNIQUES AND TECHNOLOGY"
USING THE WORDS OF THE 5TH PLAN PUBLICITY. BOTH
ABC/OPIC AND AID INVOLVEMENT IN AGRIBUSINESS ARE NECESSARY
AND DESIRABLE TO FORGE A LINK BETWEEN TUNISIAN AND AMERICAN
AGRICULTURE WHICH WILL OUTLIVE THE AID PROGRAM HERE. WE
PROPOSE THAT THE TWO SUBCOMMISSIONS MEET IN A JOINT SESSION
ON AFTERNOON SECOND DAY TO DISCUSS AGRICUSINESS AND FORMULATE
APPROPRIATE ROLES FOR EACH OF THE PARTICIPANTS. SEPARETE DIS-
CUSSIONS WOULD ONLY SERVE TO MAINTAIN A DICHOTOMY WHICH EXISTS IN
MINDS OF MANY GOT OFFICIALS THAT AID PROJECTS CANNOT BE
MIXED WITH PRIVATE INVESTMENT INITIATIVE, A MIX WHICH WE
UNDERSTAND TO BE THE CORNER STOND OF AID'S NEW AGRIBUSINESS
THRUST.

8. BACKGROUND/BRIEFING PAPERS: WE AGREE WITH ASSIGNMENT
OF PAPERS GIVEN REFTELLPARAS 4C, 5B, AND 6. IN ADDITION,
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WE PLAN TO OFFER INPUT FOR PAPERS ON: U.S. DIRECT
INVESTMENT IN TUNISIA, AGRIBUSINESS, U.S. INVESTMENT ADVISOR
AT API, U.S. EXPORT PROMOTIONS IN TUNISIA. EMBASSY WOULD
APPRECIATE INFO ON LOUISIANA FRENCH LANGUAGE PROGRAM PER
PARA 6. WE PROPOSE TO SEND EMBASSY OFFICER TO WASHINGTON
ABOUT ONE WEEK PRIOR TO JC TO PARTICIPATE IN FINAL
PREPARATION OF PAPERS.

9. FOLLOWING TOPICS TO BE SUBJECT OF SEPTELS:

A. AMEMBASSADOR'S REVIEW AND RECOMMENDATIONS ON
AID PROGRAM

B. TOPICS FOR INCLUSION IN SECRETARY'S OPENING SPEECH

C. ADMINISTRATIVE NOTES

D. INVESTMENT ADVOSOR AT API.
MULCAHY

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